

Historic, Archive Document

Do not assume content reflects current
scientific knowledge, policies, or practices.

Spotlight ON FOREIGN MARKETING



A28039
F765.

TO U.S. AGRICULTURAL ATTACHÉS AND FAS STAFF MEMBERS

Vol. IV, No. 3

March 22, 1960

Cap 1

OUR DAIRY CATTLE FEEDING SHOW AT THE AGRICULTURAL FAIR in Verona, Italy, drew huge crowds and netted sales of U. S. Brown Swiss and Holstein breeding stock, totalling \$168,000, reports the agricultural attache in Rome. Judging from the above, Italy not only offers a good potential market for U. S. animal feed ingredients but an actual market for quality dairy cattle, as well.

The fair, which opened March 13 and ran through the 20th, drew an audience of over 600,000.

THE U. S. POULTRY INDUSTRY THROUGH "THE POULTRYMAN," one of the industry's many publications, has undertaken an educational program on the relations between the U. S. poultry industry and Government export programs. In one of his columns Frank A. Priebe, a large U. S. poultry processor and exporter, explains that part of the money now being used to build markets for U. S. poultry abroad under section 104(a) is derived from the sale of U. S. agricultural commodities for foreign currencies. The remainder of the funds are contributed by private industry groups. He pointed out that the real breakthrough in building commercial markets was largely the results of initial sales under Title I, P.L. 480.

Mr. Priebe pointed out very clearly what he thought industry responsibilities should be: "The extent to which the Government will use the funds available to develop markets for poultry depends upon the extent to which the industry itself is willing to support the program."

Mr. Priebe added as an after thought that the results thus far indicates that the program deserves industry support.

COTTON COUNCIL INTERNATIONAL IS GEARED UP to help promote the wider use of cotton products that should accompany record shipments of U. S. cotton abroad. In the 14 countries where CCI is active, new ideas for sales promotional techniques are popping up faster than crocuses in early spring.

In its roundup of global activities, the CCI Newsletter reported that "continuing negotiations during year (1959) indicated growing interest in new or expanded cotton programs in Greece, Portugal, Denmark, Norway, Mexico and Colombia. Local industries also undertook promotional projects in Brazil and Syria."

U. S. cotton exports set a record in January with a sales of 1,109,000 bales, the largest shipments since November, 1935, when 1,135,000 were sold. Exports in January were up 52 percent above shipments of December, 1959, when 728,000 bales were exported.

CCC CREDIT PROGRAM PROVES USEFUL IN LATIN AMERICA. In response to inquiries received from agricultural attaches in several Latin American countries re the CCC Export Credit Sales Program, a group representing the Department and private trade recently toured the area to review and explain various aspects of the program. As a result of the briefing sessions a number of proposals were developed. Thus far, CCC credit sales of 55,000 tons of wheat for Guatemala have been approved with another 80,000 tons under consideration. There also appears to be opportunities for the expansion of feed grain exports in the areas visited.

The briefing team consisted of Ralph E. Spencer, staff assistant to the General Sales Manager, CSS, Max Koehnke and Paul Abrahamson of the Great Plains Wheat Market Development Association. The group conferred with the following agricultural attaches: John Montel, Guatemala and El Salvador; Bill Rodman, Costa Rica; Henry Hopp, Colombia; Ray Ogg, Venezuela; Dick Schwartz, Dominican Republic, and David Reynolds, Second Secretary of the American Embassy in San Salvador.

Copies of the CCC Credit Program folder, together with a set of questions and answers explaining the program in English and Spanish, were given to the above-mentioned individuals. Copies of the same material are being distributed to other Latin American countries which were not visited.

SEAWAY TRAFFIC OF FARM PRODUCTS has been carefully studied by transportation economists in AMS. Latest estimate is that 110 million bushels of grain moved through the newly-improved St. Lawrence Seaway last year from April to December.

It was through the Seaway last year that experimental shipments of liquid lard were sent to Liverpool, opening a new concept in shipping of this product. In addition, many other products were loaded near the source of production and sent directly to their destinations.

Navy beans from Michigan went to Israel and other foreign countries, and flour from Duluth-Superior, Milwaukee, and Buffalo to such places as Ceylon and Jordan. Frozen meat originating at interior western markets moved through Chicago to Europe. Cornmeal, hides, malt grain, dairy products, and feed were also exported through the Seaway.

This year should see the big test in Seaway transportation. Many of the problems which plagued shippers last season have been corrected or eliminated in the shakedown of this fabulous enterprise.

"THE THIRSTY PUBLIC WANTS FRUIT JUICES," and the FAS Fruit and Vegetable Division is encouraging the thirsty foreign public to satisfy its demand. A colorful new folder, bearing the title quoted above contains valuable information on a variety of U. S. fruit juices. It has been sent to attaches and trade contacts in 21 countries. The text is in six foreign languages and English. An unusual feature of the publication is a chart giving the dietary and nutritive contents of 13 popular types of juice. Natural color illustrations offer added interest.

Issued by FAS, USDA, Washington 25, D. C. Distributed only to U. S. Agricultural Attaches and in the Department for internal use. Send your contributions to A. E. Johnson, Editor. Deadline for next issue is 10 days after publication date.

1960 TRADE FAIR PROGRAM INCORPORATES NEW PLANS. The 1960 trade fair program will include three changes from activities of previous years. Whereas free sampling of commodities has been a major feature of past food exhibits, emphasis in 1960 will shift to sales of products in retail packs. A second shift will take the mobile feed exhibit from Italy where it operated throughout 1959 to Spain where it is scheduled for 19 showings this year. In a departure from previous years, the Barcelona exhibit will be an all-cotton show.

This year's trade fair operations are off to the earliest start on record, with contract and survey activities ahead of previous schedules by more than two months. Trade fair managers were in Europe early last month to work out preliminary plans for exhibits in Barcelona, Munich, and London, and others are well along in the planning stage.

1960 TRADE FAIR SCHEDULE

<u>Place</u>	<u>Date</u>	<u>Type of Exhibit</u>
Bombay, India	Jan. 31-Feb. 29	Dairy, Wheat and Soybeans
Verona, Italy	March 13-21	Dairy Cattle Feeding
Rotterdam, Netherlands	March 25-Sept. 25	Intl. Horticultural Fair
Spain	May thru September	Mobile (Feed Grains)
Barcelona, Spain	June 1-20	All-Cotton Exhibit
Poznan, Poland	June 12-26	Feed Grains, Soybean Meal
London, England	Sept. 1-17	Foods (General)
Zagreb, Yugoslavia	Sept. 10-25	All-Cotton Exhibit
Salonika, Greece	Sept. 4-25	Feed Grains
Munich, W. Germany	Sept. 23-Oct. 2	Foods (General)

ITINERARY FOR THE MOBILE LIVESTOCK FEED EXHIBIT IN SPAIN, MAY-DECEMBER 1960.

MAY	5-13 <u>Lerida</u> ; 21-30 Madrid
JUNE	7-15 <u>Medina Del Campo</u> (Valladolid); 23-28 Torrelavega (Santander).
JULY	4-10 <u>Santander</u> ; 16-19 <u>Gijon</u> (Asturias); 26-30 Lugo.
AUGUST	7-10 Santiago de Compostela; 17-20 Valladolid; 27-31 Salamanca.
SEPTEMBER	7-15 <u>Jerez De La Frontera</u> (Cadiz); 21-28 Valencia (1)
OCTOBER	6-16 <u>Zaragoza</u> ; 23-28 Tafalla (Navarra).
NOVEMBER	5-9 <u>Pamplona</u> ; 16-20 <u>Jaca</u> (Huesca); 26-30 Barbastro (Huesca).
DECEMBER	8-13 <u>Balaguer</u> (Lerida); 18-22 <u>Vich</u> (Barcelona).

Note: The underscored places indicate locations of fairs, except Vich (Barcelona). (1) It may be possible to substitute Talavera de la Feria where a fair is scheduled for these days.

SELF-SERVICE MARKETS ARE GAINING FAST IN WEST GERMANY. According to the Self-Service Institute in that country, there are about 16,000 self-service stores in the Federal Republic. These stores handle 25 percent of all retail food sales. Independent stores, not belonging to any chain, increased their share of total self-service food sales from 39 to 50 percent.

In keeping with our policy to keep readers informed on progress in self-service merchandising abroad -- because of its sales potential for U. S. foods -- we would appreciate receiving information of this kind from agricultural attaches concerning their areas.

"MOVING AGRICULTURAL SURPLUSES INTO CONSUMPTION" is the title of a new booklet prepared and issued by the Office of the General Sales Manager, CSS. It gives an over-all picture concerning Commodity Credit Corporation price support inventory position, commodity inventories, acquisitions, sales and dispositions by and for all commodities. There is additional information which explains CCC sales and dispositions by programs, both for domestic and export use. Much of the material is shown in graphic and tabular form.

The "payment-in-kind" policy for wheat, feed grains, rice, and cotton has resulted in major program changes in the Department. These programs, together with subsidy levels established, are explained in considerable detail in the publication. Also included are an explanation of the CCC Export Credit Sales Program and examples of competitive bid programs for export.

Single copies of the booklet are being sent to each agricultural attache. Additional copies may be obtained by request from the Office of the General Sales Manager, CSS.

CCC MONTHLY SALES LIST FOR MARCH 1960: Nonfat dry milk, cotton (upland and extra long staple), peanuts, wheat, rice (rough and milled), corn, oats, barley, rye, grain sorghums, soybeans, linseed oil, and tung oil.

With all stocks either sold or committed, cheddar cheese has been dropped from the list for March. As announced Feb. 9 (press release USDA 397-60), limited quantities of linseed oil are now being offered for sale on a competitive bid basis for export only. This offering is in addition to continuing periodic offerings of linseed oil for unrestricted use.

Interest rates per annum under the CCC Export Credit Sales Program for March 1960 are 5-3/8 percent for periods up to six months, 5-7/8 percent for periods from over six and up to 18 months, and 6-3/8 percent for periods from over 18 months up to a maximum of 36 months.

A LIST OF PROMOTIONAL MOVIES ON AGRICULTURAL COMMODITIES is being compiled. The list will give the titles and brief description of films, foreign language sound tracks available, length, and where they may be obtained. This service should be very helpful to agricultural attaches and trade groups in need of one or more of these films. Distribution of the films will be handled through various attache posts and agricultural trade association offices in U. S. and abroad.

Copies of this list will be sent to all Agricultural Attache offices when completed.

GOOD PUBLICITY ON U.S. GUERNSEY CATTLE IN COLOMBIA has been reported by Attache Henry Hopp. He states that releases from the American Guernsey Cattle Club are published in leading Colombia newspapers. El Tiempo, for example, gave complete coverage to the 1959 Guernsey champions.

There is increasing evidence that various news media in foreign countries are willing to publicize special projects carried out by the Office of the Agricultural Attache.

THE ATTACHED SUPPLEMENT ON TOBACCO PROMOTION ACTIVITIES is the second in a series based on special reports given by FAS Commodity Divisions at the weekly Market Promotion Liaison meetings. Eventually, the series will cover all of our basic commodities, plus other related activities.

TOBACCO MARKET DEVELOPMENT PROGRAMS, TOBACCO DIVISION, FAS

By Hugh C. Kiger, Chief
Foreign Marketing Branch

Promoting commercial export sales of U. S. tobacco is often a case of fighting to break even. But with all factors considered, the outlook for increased future sales is reasonably favorable.

During the past five years, since the beginning of market development projects under 104(a), encouraging progress has been made. Locally-manufactured cigarettes containing a good percentage of U. S. leaf have steadily gained popularity in many countries, notably Japan, France and Thailand. In other areas of the world the trend toward these "U. S. -type" cigarettes is steadily growing. Such innovations in cigarette manufacturing as "King-Size, filter-tips," etc., are helping build present and future sales of American leaf.

Excellent trade relationships between foreign and U. S. tobacco industry representatives has been established through two-way visitations. Foreign importers and cigarette manufacturers have come to the U. S. to study many phases of our processing, manufacturing and distribution methods. Through these favorable impressions will come much of the future export market for our tobacco leaf and manufactured products.

Most of the market promotion projects have been undertaken in cooperation with three principal U. S. trade groups (Tobacco Associates, Inc., Burley and Dark Leaf Tobacco Export Association, Inc., and Leaf Tobacco Exporters Association, Inc.), and counterpart organizations in the participating countries.

These promotional activities may be divided into five broad categories:

- I. MARKET RESEARCH. Market research studies are essential to help us determine the potential market for U. S. tobacco and tobacco products and to help guide our promotional projects.

Basic research studies have been undertaken in Spain, Burma, Finland and Pakistan. These studies examined all phases of the tobacco situation in those countries and pointed out the potential market for U.S. tobacco and tobacco products. Typical of these studies is the project in Spain whereby two agricultural economists from a land-grant college in tobacco area made an on-the-spot study for about three months. Detailed findings of these studies have been made available in the form of bulletins.

Consumer preference studies have been conducted in Italy, France, Pakistan and Finland. These studies have provided valuable information about consumer likes and dislikes relative to tobacco products.

Market research studies have been conducted in Japan and France to help guide the promotional activities being carried out there. For example, in Japan one of the studies consisted of surveying consumer reaction to several trial blends of cigarettes. Results of this study were used to help determined the blen of a new brand which was later introduced on the market.

II. TRAINING RESEARCH PERSONNEL. The Thailand Tobacco Monopoly has needed more information on the storage, blending, use, characteristics and distribution of U. S. tobacco. A project was undertaken to help train the technicians needed to staff a research department. Arrangements were made for several staff members of the Research Department of the Monopoly to attend a land-grant college in the tobacco area for a year or more of study relative to U. S. tobacco. Since this project was undertaken the Monopoly has completed a new building for the Research Department. The laboratories have good equipment and a good staff, most of whom were trained in the U. S. The Research Department is now undertaking studies on refrigerated storage of U. S. leaf in hot humid weather.

III. VISIT OF FOREIGN OFFICIALS. Key officials in many countries who have purchased U. S. tobacco had never visited our tobacco marketing areas. Projects have been undertaken to provide for visits to the U. S. of key officials of the tobacco trade from Austria, Finland, France, Poland, Thailand, Japan, Korea, Malaya and Uruguay. These projects helped foreign officials learn more about U. S. methods of marketing, storage, processing, advertising and distribution of tobacco products. The officials visited universities, tobacco auctions, tobacco storage and redrying firms, tobacco manufacturing plants and advertising agencies. Since completing visits to the U. S. several foreign tobacco officials have introduced new brands of American-type cigarettes and improved their processing and distribution operations.

Officials of the sales staff of the Tobacco Monopolies of Japan, Thailand and France visited the U. S. to study our marketing, advertising and distribution methods. Knowledge gained from these trips has been used by these officials in connection with operation of the promotion projects.

IV. INTERNATIONAL TRADE FAIRS. International trade fairs afford FAS and the U. S. tobacco trade an excellent opportunity to effectively advertise U. S. tobacco and products made from U. S. tobacco to a large number of consumers by means of tobacco market-promotion exhibits. The purpose of these exhibits is to build up the prestige and demand for products containing U. S. tobacco in the markets of that country and also of neighboring countries. Tobacco market-promotion exhibits have been displayed at the trade fairs in Cologne, Osaka, Barcelona, Rome, London, Tokyo, Bangkok and Poznan.

Typical of these tobacco exhibits was the one at the Poznan Fair in June of 1959. It consisted of high-speed American machines which rolled, wrapped and packaged about 1200 American-blend filter cigarettes per minute on-the-spot. Samples of these cigarettes were distributed to fair visitors on a selective basis. Such tobacco exhibits have been among the most popular at the trade fairs.

At some of the trade fairs where there are no tobacco exhibits, sample packages of U. S. cigarettes are passed out at luncheons, buffets and similar occasions.

V. PROMOTIONAL PROGRAMS. Aggressive promotional programs have been undertaken in Japan, Thailand, France and Burma. These projects provide for advertising tobacco products which contain U. S. tobacco. The foreign tobacco trade groups are cooperating wholeheartedly and, where feasible, U. S. advertising and distribution methods are used. Examples of progress under these projects include:

- (a) Sales of "Peace," a Japanese cigarette which contains 40 percent U. S. leaf, and which has been promoted under this program, have increased from 7.8 billion cigarettes in 1956 to about 13.5 billion in 1959. At the same time, total consumption of U. S. leaf in Japan has increased from 7.2 million pounds to 9.3 million.
- (b) A project for the promotion of France's "Royale" cigarettes (60 percent U. S. leaf) has helped increase sales of this brand from 11.5 million cigarettes in 1957 to 43.5 million in 1958. Despite a price rise for French cigarettes in early 1959, Royales continued to retain its share of the market after a downward trend in consumption of most other French cigarettes. While total cigarette sales declined 13.3 percent, the sales of Royales rose 18.6 percent during this period.
- (c) In Thailand, the tobacco monopoly is now producing a brand, "Gold City," which contains 100 percent U. S. leaf. At the present time the consumption of U. S. leaf is approximately 10 million pounds annually as compared to 8 million pounds when market development work started 3 years ago.
- (d) The project in Burma has been in operation for only a short time. However, it is already evident that this project in conjunction with the recent reduction in the tariff rates will result in increased exports of U. S. tobacco to Burma.

VI. PLANS FOR FUTURE TOBACCO MARKET DEVELOPMENT ACTIVITIES.

It is likely that the consumption of tobacco products abroad will continue to increase in the years ahead. Our market development activities will be geared to helping the U. S. get a large share of the resulting increased trade in tobacco.

It is planned that the successful promotional projects in Japan, Thailand, Burma and France will be continued. Research studies will be conducted when necessary to help guide the promotional activity.

Key tobacco officials from Spain and Iran will visit the U. S. during 1960 under provisions of a market development project.

Tobacco exhibits will be sponsored at international trade fairs where practicable. It is planned that sample packages of U. S. cigarettes be available for use in connection with promotional luncheons, buffets and similar activities.

The U. S. tobacco trade is planning to take a more active role in market development projects by taking over a larger share of the financing of such projects.

In addition to the four countries named above, other areas of the world where there is a potential market for U. S. leaf are being explored and evaluated. From these studies it is expected additional country projects will be developed.
